

*Argonne Henderson*

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

### OIL AND GAS LEASE (Paid-Up Lease)

This Oil and Gas Lease (this "Lease") is executed and effective as of the date of acknowledgment of the respective parties between Juanita MacWoods Aka Juanita Woods (hereafter called "Lessor"), whose address is 1813 Hilltop Lane, and Carrizo Oil & Gas, Inc. (hereafter called "Lessee"), with offices located at 1000 Louisiana Street, Suite 1500, Houston, Texas 77002.

1. **Grant.** In consideration of Ten Dollars and other consideration in hand paid, Lessor grants and leases exclusively unto Lessee the land described in attached Exhibit "A" (the "Land") in Tarrant County, Texas, for the sole purpose of exploring, drilling, and producing oil and gas, and to produce, save and transport oil and gas and other products manufactured from oil and gas produced from the Land and/or Leased Premises (defined herein), but only as the Land covers those depths from the surface to the base of the Barnett Shale formation or the stratigraphic equivalent thereof and only to the extent such Land is included in the lands described in Exhibits "B-1" and "B-2" ("Leased Premises").

This lease also covers and includes any interest which Lessor may own in any street, alley, highway, railroad, canal, river, body of water, or any other land contiguous or adjacent to the land described above, whether the same be in said survey or surveys or in adjacent surveys, although not included within the boundaries of the land particularly described above.

2. **Primary Term.** This Lease is for a term of eighteen (18) months from this date (called "Primary Term") and so long thereafter as oil or gas is produced from the Land in paying quantities.

3. **Minerals Covered.** This Lease covers only oil and gas. The term "oil and gas" means oil, gas, and other liquid and gaseous hydrocarbons produced through a well bore.

4. **Royalty.** The royalty share for all oil and gas under this Lease shall be 25%.

Lessor's royalty shall never bear or be chargeable with, either directly or indirectly, any part of the costs or expenses of production, gathering, dehydration, compression, transportation, manufacturing, processing, treating, marketing, or depreciation of any plant or other facility or facilities or equipment for processing or treating of the oil or gas produced from the Leased Premises or any other costs of a similar nature. Gas shall be priced at the point of sale to a third party and not at the well unless an arms length sale to a third party occurs at that point.

Upon written request and reasonable notice by Lessor, Lessee shall make available to Lessor or Lessor's authorized representative for inspection and examination the books and accounts, receipts, well records, and all contracts and other records pertaining to the production, transportation, sale, and marketing of the oil and gas produced on the Leased Premises which relate to or have bearing on, in any manner, the royalty to be received by Lessor hereunder. Any inspection or examination shall be done at Lessee's principal place of business during normal working hours.

Any use of oil or gas produced from gas well operations on or under the Leased Premises shall be included in calculating revenue and payment of royalties from the well production.

5. **Shut-in Royalty.** While there is a gas well on this Lease or on lands pooled with the Land capable of producing in paying quantities, but gas is not being sold, at the end of the Primary Term or any time thereafter, Lessee shall pay or tender in advance an annual shut-in royalty of \$5,000 for each well from which gas is not being sold. Payment with respect to a well will be due within 60 days after the well is shut-in and shall be proportionately reduced to Lessor's percentage of acreage in the pooled unit. While shut-in royalty payments are timely and properly paid, this Lease will be held as a producing lease. The right of Lessee to maintain this Lease in force by payment of shut-in gas royalty is limited to a period of three cumulative years during which the well is actually shut-in. The obligation of Lessee to pay shut-in royalty is a condition and not a covenant. The payment or tender of royalty under this paragraph may be made by the check of Lessee mailed or delivered to the parties entitled thereto on or before the due date.

### 6. Continuous Development.

(a) If, at the expiration of the Primary Term, oil or gas is not being produced from the Leased Premises, but Lessee has commenced the drilling of a well on the Leased Premises, the Lease will not terminate but will remain in effect for so long thereafter as operations are carried out with due diligence with no cessation of more than 60 days, and if the operations result in the production of oil or gas, the Lease shall remain in force as otherwise provided herein. For the purposes of this Lease, the term "operations" means operations for any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back, or repairing of a well in search for or in the endeavor to obtain production of oil or gas.

(b) If this Lease is maintained beyond the expiration of the Primary Term by production or otherwise, it will remain in force as to all acreage and depths as long as there is no lapse of more than 120 days between the completion of one well and the commencement of the actual drilling of another well. The commencement of actual drilling means the penetration of the surface with a drilling rig capable of drilling to the anticipated total depth of the well. After a well is commenced, drilling operations must continue in a good and workmanlike manner in a good faith effort to

reach the anticipated total depth with no cessation of operations for more than 60 consecutive days. A well will be deemed to have been completed on the date of the release of the drilling rig from the drill site and any completion operations cease. The permitted time between wells shall be cumulative so that if a well is commenced prior to the date it is required to be commenced, the number of days prior to the date on which the well should have been commenced shall be added to the time permitted for the next well.

(c) If at any time the maximum time for the commencement of the actual drilling of a well expires without the commencement of the well, or upon the expiration of the Primary Term if the Lease is not maintained by continuous drilling or any other provision contained herein, this Lease will terminate except as to the Retained Tract (defined below) surrounding any well that is then producing in paying quantities or deemed to be producing in paying quantities by virtue of payment of shut-in royalties, and as to each Retained Tract, the Lease will then terminate as to all depths 100 feet below the stratigraphic equivalent of the base of the deepest producing formation on the Retained Tract. The Lease will be treated as a separate lease with respect to each Retained Tract and will continue so long as production in paying quantities continues from the Retained Tract or the Lease is otherwise maintained. If production from a Retained Tract ceases from any cause, this Lease will terminate as to that tract unless Lessee commences operations for drilling or reworking on the tract within 60 days after the cessation of production or this Lease is maintained by other provisions, in which case the Lease as to that Retained Tract will continue in force as long as the operations are prosecuted with no cessation of more than 60 consecutive days, and if they result in production, so long thereafter as there is production from the Retained Tract.

(d) As used in this Lease, the term "horizontal well" means a well that meets the definition of a "horizontal drain hole well" under Statewide Rule 86 of the Railroad Commission of Texas, and a "vertical well" is a well that is not a horizontal well. The land assigned to a well for the purposes of this section is referred to as a "Retained Tract." Each tract described on Exhibits "B-1" and "B-2" shall constitute a separate Retained Tract; however, once Lessee concludes its continuous drilling operations hereunder, each Retained Tract must include sufficient wells drilled to hold the Retained Tract and the parties agree that the acreage earned by drilling a well may not exceed the minimum size required to obtain a drilling permit under the well density rules adopted by the Railroad Commission of Texas for the field, or if there are no field rules that apply, the Retained Tract shall be limited to the smallest size required to obtain a drilling permit under the statewide well density rules of the Railroad Commission of Texas. A Retained Tract for a vertical well producing from the Barnett Shale formation may not exceed 40 acres. If field rules are established later that permit obtaining a drilling permit with less acreage, a Retained Tract for a vertical well may not exceed the minimum size permitted. A Retained Tract for a horizontal well may include the minimum acreage specified above for a vertical well plus the additional acreage listed in the tables in Rule 86 and must comply with the requirements of Rule 86 for minimum permitted well density, and if the well is producing from the Barnett Shale formation, the acreage of the Retained Tract shall be assigned as if well density for vertical wells is 40 acres or less. Each Retained Tract shall be designated in a shape that maximizes the number of possible Retained Tracts on the Leased Premises.

(e) Within 60 days after the last to occur of the expiration of the Primary Term or the continuous drilling program, Lessee must file in the county records and furnish to Lessor a document designating each Retained Tract by metes and bounds description prepared by a professional surveyor, specifying the retained depths thereunder, and releasing all other depths and acreage. A gas well that becomes an oil well will hold only the acreage permitted for an oil well, and Lessee must file a redesignation of the Retained Tract (containing a metes and bounds description prepared by a professional surveyor and specifying the retained depths thereunder) in the Real Property Records of the county where the Land is located. If Lessee fails to file timely a document required by this paragraph after Lessor has provided thirty (30) days prior written notice, then Lessor may do so, and the filing will bind Lessee.

(f) Lessee shall drill as many horizontal wells from each drill site as is reasonably practicable in accordance with good oilfield practices and taking into account all geological and geophysical information known to Lessee. Each drill site should each be located in such a manner as to facilitate the drilling of as many wells as possible from such drill site in order to minimize the number of drillsites on lands pooled herewith.

7. **Pooling.** Lessee shall have the right to pool the Land to form two separate pooled units as depicted on Exhibits "B-1" and "B-2" respectively, for the production of oil and gas or either of them. The acreage in a pooled unit may not exceed the amount that would be permitted for a Retained Tract composed of acreage lying entirely within the Land or lands pooled therewith. A pooled unit for a horizontal well shall be configured so that the percentage of the Land that is included in the unit is not less than the percentage of that part of the horizontal drainhole that is located under the Land and in the producing formation. The unit will become effective when Lessee files in the Real Property Records of the county where the Land is located a document describing the pooled acreage and depths for the pooled unit. Lessee shall deliver a copy of the document to Lessor. Lessee may at its election exercise its pooling option before or after commencing operations. Operations for drilling on or production of oil or gas from any part of a pooled unit that includes land covered by this Lease shall be considered as operations on or production of oil or gas from the portion of the Land included in the pooled unit. That part of the Land included in a pooled unit will be considered to be a Retained Tract, and the provisions of this Lease that provide for termination of the Lease insofar as the Lease covers depths below the base of the deepest producing formation and other provisions relating to Retained Tracts shall apply. There shall be allocated to the Land included in the unit that prorate portion of the oil and gas, or either of them, produced from the pooled unit that the number of surface acres of the Land included in the unit bears to the total number of surface acres included in the unit. Subject to Paragraph 8 below, royalties shall be computed on the portion of production allocated to the Land. Any unit formed may not be amended without the written consent of Lessor. No part of the Land may be included in a pooled unit unless all of the Land that is not then included in a Retained Tract for a producing well is included in the unit.

In the event any portion of the premises within the area defined in Exhibit B should be put into a pooled unit, Lessee agrees to include all of the leased premises defined in Exhibit B in said pool.

8. **Community Lease.** The mineral ownership of the various Lessors is not uniform throughout the Leased Premises. By their joint execution of this Lease, the Lessors intend for the acreage covered by each of the separate and respective pooled units, as depicted on Exhibits "B-1" and "B-2", to be treated as a "Community Lease",

but only as to each separate pooled unit. It is intended that the royalty payable under this Lease be shared by the Lessors as follows:

Each separate and respective pooled unit shall be administered as a separate community lease and each Lessor shall be paid a proportion of the royalty payable under this Lease equal to the proportion that the area of land owned by such Lessor that is covered by this Lease that bears to the total acreage included in the respective unit.

The computation of Lessor's acreage shall be based upon the Subdivision Plat. The agreed acreage for the purpose of computing the Lessor's fractional share of bonus, royalty and other payments shall also include Lessor's proportionate share of any street, alley, highway, railroad, canal, river, body of water adjacent to or contained within the Subdivision, or, if property is not included in a Subdivision, any such acreage immediately adjacent to Lessor's property. Lessee shall calculate the proportion of royalties payable to each Lessor under this Lease. Upon written request from Lessor, Lessee will provide Lessor with documentation of the title and other details used to arrive at the royalty interest of Lessor.

The terms and provisions of this Provision 8 will survive any release or termination of the Lease. This Provision 8 shall be binding upon and inure to the benefit of the parties ("parties" is intended to include, but not be limited to, all Lessors that are a party to this Community Lease") hereto and their respective successors and assigns, and all terms, provisions and reservations contained in this Lease shall be deemed as covenants running with the land.

9. **Offset Wells.** For purposes of this Lease, an "offsetting well" is a well that is producing oil or gas from adjacent or nearby land and is draining the Leased Premises. If an offsetting well is completed, Lessee must, within 120 days after the date of first sales from the offsetting well, commence operations for the drilling of an offset well on the Leased Premises and must diligently pursue those operations to the horizon in which the offsetting well is producing, or at the option of Lessee: (i) execute and deliver to Lessor a release in recordable form of the acreage nearest to the offsetting well; or (ii) pay Lessor a monthly royalty equal to the royalty that would be payable under this Lease if the production from the offsetting well had come from the Leased Premises. In the event acreage is released pursuant to (i) above, the release will cover a tract of a size and shape that will permit the drilling of a well to the producing formation and the creation of a proration unit surrounding the well in compliance with the field rules for the field in which the offsetting well is located, but if there are no field rules, in compliance with the statewide rules of the Railroad Commission of Texas. A well producing with perforations within 330 feet of the Leased Premises will be conclusively presumed to be draining the Land.

10. **Secondary Recovery.** Lessee will not implement any repressuring, pressure maintenance, recycling, or secondary recovery operations without the prior written consent of Lessor.

11. **Surface Operations.** NOTWITHSTANDING ANYTHING CONTAINED HEREIN TO THE CONTRARY, IT IS UNDERSTOOD AND AGREED THAT THIS IS A NON-SURFACE USE LEASE AND LESSEE HAS NO RIGHTS TO USE, AND SHALL NOT USE, ANY PART OF THE SURFACE OF THE LEASED PREMISES, WITH THE EXCEPTION OF 3-D SEISMIC OPERATIONS UTILIZING THE VIBROSEIS METHOD; HOWEVER, LESSEE SHALL NOT PLACE A VIBROSEIS SOURCE POINT WITHIN 200 FEET OF A STRUCTURE ON THE LEASED PREMISES. LESSEE AND LESSOR AGREE THAT IN CONNECTION WITH THIS LEASE THERE IS NO CONVEYANCE OR GRANT OF SUBSURFACE EASEMENTS OR SUBSURFACE RIGHTS-OF-WAY.

12. **Assignments.** The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any mineral or horizon. Lessee shall notify Lessor of any assignment or sublease of this Lease, and Lessee and Lessee's assignees or sublessee's of an interest in this Lease shall be joint and severally liable for all of Lessee's obligations under this Lease. Notwithstanding any other actual or constructive knowledge or notice thereof or to Lessee, its successors or assigns, no change or division in the ownership of said Land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by Lessor or Lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division.

13. **Force Majeure.** Should Lessee be prevented by reason of Force Majeure from complying with any express or implied covenant of this Lease (other than a requirement to pay money), from conducting drilling or reworking operations on the Leased Premises, or from producing oil or gas, then while so prevented, that covenant will be suspended; Lessee will not be liable for damages for failure to comply therewith; this Lease will be extended so long as Lessee is prevented from conducting drilling or reworking operations on or from producing oil or gas from the Leased Premises; and the time while Lessee is so prevented will not be counted against Lessee. "Force Majeure" means any Act of God, any federal or state law, or any rule or regulation of governmental authority, or other similar cause (other than financial reasons), and shall also include the inability to produce gas due to pipeline delays or lack of market beyond the reasonable control of Lessee. This paragraph is, however, in all things subject to the limitations of time during which this Lease may be continued in force by the payment of shut-in gas royalties.

14. **No Warranties.** Lessor makes no warranty of any kind with respect to, and has no obligation to defend, title to the Land. If Lessor owns an interest in the Land less than the entire fee simple estate, then the royalties payable hereunder will be reduced proportionately.

15. **Notices.** All notices will be deemed given and reports will be deemed delivered if sent by certified letter, return receipt requested, properly addressed and deposited in the United States Postal Service, postage prepaid, to Lessor and Lessee at the addresses shown above. Either party may designate a new address by written notice to the

other party.

16. **Attorney's Fees.** In the event that Lessor is required to employ legal counsel for the enforcement of any provision of this Lease and prevails, Lessor will be entitled to recover from Lessee reasonable attorney's fees and expenses incurred by Lessor.

17. **Insurance.** At all times while this Lease is in force, Lessee shall acquire and maintain insurance covering all of its activities and operations hereunder, including any work performed on its behalf by contractors, subcontractors, and others, naming Lessor as an additional insured. The policies shall include coverage for comprehensive general liability, for bodily injury and property damage, blowout and loss of well coverage, and coverage for any damage to the environment, including coverage for the cost of clean up and surface remediation. The coverage shall be in the minimum amount of \$3,000,000. Lessee shall furnish a certificate from the issuing insurance company or companies evidencing the coverage.

18. **Indemnity.** LESSEE, ITS SUCCESSORS AND ASSIGNS, AGREES TO INDEMNIFY AND HOLD HARMLESS LESSOR, AND LESSOR'S REPRESENTATIVES, EMPLOYEES, TRUSTEES, VOLUNTEERS, AGENTS, SUCCESSORS, AND ASSIGNS AGAINST ALL EXPENSES, CLAIMS, DEMANDS, LIABILITIES, AND CAUSES OF ACTION OF ANY NATURE FOR INJURY TO OR DEATH OF PERSONS AND LOSS OR DAMAGE TO PROPERTY, INCLUDING, WITHOUT LIMITATION, ATTORNEY FEES, EXPERT FEES, AND COURT COSTS, CAUSED BY LESSEE'S ACTIVITIES AND OPERATIONS ON THE LEASED PREMISES OR LESSEE'S MARKETING OF PRODUCTION FROM THE LEASED PREMISES OR ANY VIOLATION OF ANY ENVIRONMENTAL REQUIREMENTS BY LESSEE. AS USED IN THIS PARAGRAPH, THE TERM "LESSEE" INCLUDES LESSEE, ITS AGENTS, EMPLOYEES, SERVANTS, CONTRACTORS, AND ANY OTHER PERSON ACTING UNDER ITS DIRECTION AND CONTROL, AND ITS INDEPENDENT CONTRACTORS. AS USED IN THIS PARAGRAPH, LESSEE'S INDEMNITY OBLIGATIONS SURVIVE THE TERMINATION OF THIS LEASE.

19. **Compliance with Environmental Laws and Regulations.** Lessee, its successors and assigns, by its acceptance of this Lease, hereby agrees to comply with all applicable laws, rules and regulations and hereby assumes full responsibility for, and agrees to indemnify, defend and hold harmless, Lessor from and against any loss, liability, claim, fine, expense cost (including attorneys fees and expenses) and cause of action caused by or arising out of the violation (or defense of the alleged violation) of any federal, state or local laws, rules or regulations applicable to any waste material, drilling matter fluid or any hazardous substances released or caused to be released by Lessee or Lessee's agents, or independent contractors, or any other operations on the Leased Premises hereunder into the atmosphere or into or upon the land or any water course or body of water, including ground water, or subsurface water. Additionally, upon receiving any notice regarding any environmental, pollution or contamination problem or violation of any law, rule or regulation, Lessee will forward a copy to Lessor by certified mail within thirty (30) days. This provision and its indemnities shall survive the termination of this Lease, and shall enure to the successors, heirs and assigns of Lessor and Lessee.

Lessee agrees to pay the cost of water quality testing, as follows: (1) an initial baseline water quality test to be conducted no more than 60 days before Lessee commences actual drilling for the first well from Lessee's drillsite located on the Luminant tract at 2118 S. Bowen Road, Pantego, Texas, and (2) re-testing 1 year following completion of the first well, and (3) repeat testing every three years thereafter, as long as this lease remains in effect. Said testing shall be conducted at each existing municipal water well within the Town Limits of Pantego, Texas. The testing shall be done by a qualified professional water testing firm selected jointly by the Lessee and Lessor's Representative as designated in Exhibit "C". Testing will include, but not be limited to, testing for gas, minerals, metals, volatile organic compounds (VOC's), and semi-volatile organic compounds (SVOCs). In the event that the Town of Pantego elects to cease utilizing such municipal water wells for its primary water source, then during such time Lessee shall be relieved of its recurring testing obligations hereunder.

20. **Miscellaneous Provisions.**

(a) In the event this Lease terminates for any reason as to all or any part of the Land, Lessee shall, within 60 days thereafter, deliver to Lessor a recordable release covering all of the Land or that portion of the Land as to which this Lease terminated.

(b) Nothing in this Lease negates the implied covenants imposed upon Lessee under applicable law.

(c) Lessee will conduct all operations hereunder in compliance with the rules of the Railroad Commission of Texas and federal and state environmental laws and regulations and municipal ordinances. Upon written request of Lessor, Lessee shall furnish to a representative designated by Lessor copies of applications to drill, daily drilling reports, well tests, completion reports, plugging records, and production reports. Lessor's Representative as designated in Exhibit "C" has the right, at Lessor's risk, of access to the derrick floor to observe all operations on all wells drilled on the Leased Premises. Upon written request, Lessor's Representative will have the right to inspect and view samples of all cores and cuttings and witness the taking of all logs and drill stem tests, and, upon written request, Lessee agrees to furnish Lessor's Representative with copies of all logs and surveys taken promptly after taking them. Lessee will divulge to Lessor's Representative correct information as requested in writing by Lessor as to each well, the production therefrom, and such non-proprietary technical information as Lessee may acquire; however, Lessor and Lessor's Representative must keep all such information confidential and may not divulge same to any third party. Lessor's Representative has the right to be present when wells or tanks are gauged and production metered and upon written request has the right to examine all run tickets and to have full information as to production and runs and to receive copies of all run tickets.

(d) The term "production" means production in paying quantities. No obligation of Lessee to pay money under this Lease will be excused or delayed by reason of Force Majeure. Lessee's obligations to pay money under this Lease

are to be performed in Tarrant County, Texas. Paragraph headings are used in this Lease for convenience only and are not to be considered in the interpretation or construction of this Lease. The execution or ratification by Lessor of any division order, gas contract, or any other document will not alter any provision of this Lease unless the intent to do so is expressly stated in the document. Under no circumstances may Lessee, its agents, employees, or contractors bring firearms or dogs or other animals on the Leased Premises or hunt or fish on the Leased Premises. Upon Lessor's written request, Lessee agrees to furnish to Lessor a copy of each title opinion or report obtained by Lessee that covers all or any part of the Leased Premises together with a copy of each title curative document obtained by Lessee.

(e) Any compressors used in connection with this Lease or the Leased Premises herewith shall be equipped with the latest technology in noise suppression and muffling devices. Every five years if requested by Lessor's Representative as designated in Exhibit "C", Lessee shall be required to install quieter compressors if such are available for sale and distribution.

(f) Upon Lessor's written request and reasonable notice, Lessor's Representative as designated in Exhibit "C" shall have the right to inspect, during normal business hours, all records of Lessee relating to this Lease, operations conducted on the Leased Premises, the sale and marketing of production from the Leased Premises, and the payment of royalties, including the right to audit Lessee's books insofar as they relate to the foregoing. All such information is confidential and shall not be further disclosed by Lessor or Lessor's Representative without Lessee's prior written consent.

(g) Lessor may not own all of the minerals underlying the Land. Lessee agrees that it will not drill, conduct operations or participate in drilling or operations on the Land or Leased Premises which are not in compliance with the terms and requirements of this Lease by claiming authority under the lease or leases covering the outstanding interest.

(h) Jurisdiction and venue for any legal dispute between Lessor and Lessee related in any way to this lease shall be in the court(s) of competent jurisdiction located in Tarrant County, Texas.

(i) Lessee, for itself and its successors and assigns, hereby waives any right of eminent domain possessed by Lessee or any Affiliate of Lessee to acquire any right of way or easement for the transportation of gas, oil or any other substance.

(j) In the event Lessee pays a bonus or royalty amount greater than the amount paid to Lessor, for an oil and/or gas lease, and/or pooling action, within the Unit boundaries of Exhibits "B-1" or "B-2", during the primary term of this Lease, Lessee agrees to pay Lessor the difference between the bonus amount already paid per acre, and the amount per acre of the greater bonus paid and/or increase the royalty provided for in Provision 4 to the greater amount.

(k) Appointment of Representative. The parties agree that Lessor may designate a representative(s) to administer specific provisions and rights of this Lease as specified in Exhibit C, or as otherwise stated in writing by Lessor.

(l) Environmental Safeguards. Lessee shall employ such measures as will reduce the impact of its operations upon improvements, vegetation and habitat on the Leased Premises. Lessee shall use reasonable care and safeguards in conducting its operations to prevent contamination or pollution from any waste, pollutant, or contaminant to any environmental medium, including soil, surface waters, groundwater, sediments, surface or subsurface strata, ambient air, or any other environmental medium in, on, or under the Leased Premises. Lessee shall remediate any condition which is hazardous to humans or wildlife resulting from Lessee's operations.

(m) Visual Appearance. Lessee shall not permit the disposal of trash, storage of used equipment or other such materials on the well site and shall maintain the well site in a neat and orderly fashion. Lessee shall construct or improve necessary lease roads as all weather roads and shall maintain such roads in a good state of condition and repair in order to prevent excess dust and erosion and maintain the continuity of the surrounding environment. For safety and appearance, Lessee shall install appropriate fences around each well and related facilities in a visually appealing manner in an effort to maintain the continuity of the surrounding area, and shall maintain the fences in a good state of repair. Upon conclusion of Lessee's drilling and completion operations, Lessee shall restore that portion of the well site not being utilized by Lessee for producing operations as nearly as is reasonably practicable to its original state. In addition, Lessee shall maintain the well site in a manner whereby it shall be free of noxious vegetation and debris resulting from Lessee's operations. Upon lease expiration, Lessee shall remove all of Lessee's equipment and restore the surface of the ground as nearly as is reasonably practicable to its original state.

(n) Groundwater Protection. Any oil or gas wells drilled by Lessee shall be drilled in compliance with the surface casing requirements imposed by the State of Texas for groundwater protection and Lessee shall install such surface casing in the required manner in order to insure the protection of all fresh water bearing formations in and under the Leased Premises.

(o) Noise Abatement and Safety. Lessee shall utilize modern equipment with appropriate safeguards in its drilling, completion and producing operations. Whenever possible, Lessee shall install sound barriers and utilize hospital grade mufflers on compressors to reduce noise levels and emissions while conducting its operations within the Town of Pantego.

(p) Seismic Operations. Lessee shall pay for all damages incurred to the Land which result from its seismic operations. Other than seismic operations as provided herein, by execution and delivery of this Lease, Lessee does not otherwise obtain the right to conduct exploration, excavation or drilling operations from or upon the surface of any portion of the Land.

(q) Local Ordinances. In conducting its operations hereunder, Lessee shall comply with all present and future ordinances, rules or regulations imposed by Town of Pantego or other governmental agency.

(r) Counterpart Language. This Lease may be executed in counterparts.

Executed on the date first written above.

Lessor:

Juanita Mae Woods  
Lessor: Juanita Mae Woods AKA Juanita Woods

Lessee:

Carrizo Oil & Gas, Inc.

By:

Printed Name:

Title:

Jim Butcher

Jim Butcher

Agent for Carrizo

STATE OF TEXAS §  
COUNTY OF TARRANT §

This instrument was acknowledged before me on the 18 day of November, 2007,  
by Juanita Mae Woods AKA Juanita Woods

My Commission Expires:



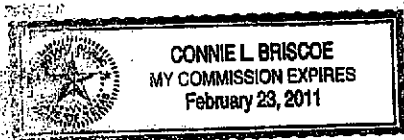
KENT W. SAMA  
NOTARY PUBLIC  
STATE OF TEXAS  
MY COMMISSION EXPIRE  
JANUARY 28, 2011

Kent W. Sama  
Notary Public in and for the State of Texas

STATE OF TEXAS §  
COUNTY OF TARRANT §

This instrument was acknowledged before me on the 8th day of February, 2008,  
by Jim Butcher

My Commission Expires:



Connie L. Briscoe  
Notary Public in and for the State of Texas

EXHIBIT "A"

Attached to and made a part of that certain Oil and Gas Lease between Juanita Mae Woods AKA  
as "Lessor", and Carrizo Oil & Gas, Inc., as "Lessee". Juanita Woods

<sup>317 03</sup>  
0.325 acres of land, more or less, being all of Lot(s) 1, Block 2, out of  
the Oakridge Addition, an addition to the town of  
Pantego, out of the N. Smith Survey, A- 1432,  
Tarrant County, Texas, being more fully described in that certain conveyance dated Sept 10, 1979,  
from Willard Calvin & Shirley Shady, as Grantor, to Archie T. & Juanita Woods  
as Grantee, recorded in Volume 3884 page 44 of the Official Public  
Vol 6809 Pg 337  
Records of Tarrant County, Texas.

EXHIBIT "B-1"

Attached to and made a part of that certain Oil and Gas Lease between Juanita Mae Woods AKA  
as "Lessor", and Carrizo Oil & Gas, Inc., as "Lessee". Juanita Woods

Boundaries of "Pantego Unit"

North: Centerline of West Park Row Drive  
South: Centerline of Pioneer Parkway  
East: Centerline of South Bowen Road  
West: Centerline of Park Springs Road

Also containing any other lands not described above within the Town Limits of Pantego lying west of the centerline of South Bowen Road.



EXHIBIT "B-2"

Attached to and made a part of that certain Oil and Gas Lease between Juanita Mae Woods AKA  
as "Lessor", and Carrizo Oil & Gas, Inc., as "Lessee". Juanita Woods

Boundaries of "Arlington-Lakewood Unit"

North: Centerline of West Park Row Drive  
South: Centerline of West Pioneer Parkway  
East: Centerline of South Fielder Road  
West: Centerline of South Bowen Road

Also containing any other lands not described above within the Town Limits of Pantego lying east of the centerline of South Bowen Road.

EXHIBIT "C"

Attached to and made a part of that certain Oil and Gas Lease between Juanita L. Woods AKA  
as "Lessor", and Carrizo Oil & Gas, Inc., as "Lessee". Juanita Woods

Lessor hereby authorizes the designation of Representatives from the Pantego-Arlington Area Citizens Lease Committee to administer limited Lessor's rights under the lease, as follows:

- Verification of Lessor's acreage and royalty percentage.
- Inspection and examination of books and accounts, receipts, well records, and all contracts and other records as specified in Sections 4 and 20(f).
- Conduct and evaluation of water tests within the Unit boundaries of Exhibit B-1 as specified in Section 19.
- Copies of reports as specified in Section 20(c).
- Compressor requests as specified in Section 20(e).